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GAIN Report

Global Agricultural Information Network

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Mexico

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Poultry and Egg Prices and Trade Snapshot

Report Categories:

Poultry and Products

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Pest/Disease Occurrences

Trade Policy Incident Report

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Report Highlights:

This report spotlights developments affecting the Mexican poultry and egg sector as it relates to trade opportunities and challenges (e.g., allegations of antidumping) as well as Mexico's avian influenza outbreak that occurred in June 2012. U.S. poultry and egg prices remain competitive and provide Mexican consumers with a low-cost and highly nutritious source of protein. It appears that imports of U.S. poultry and egg products into Mexico could be a record in 2012 and surpass U.S. \$1 billion.

General Information:

Avian Influenza Outbreak Disrupts Egg Market and Chicken Leg Quarter (CLQ) Antidumping Case

On November 16, 2012, Mexico surpassed 90 days from its most recent detection of highly pathogenic avian influenza (HPAI) H7N3 in commercial egg-layer flocks. Over the course of the outbreak, the National Service of Health, Food Safety, and Food Quality (SENASICA) surveyed 513 farms (271 layers, 200 broilers, and 42 breeders) for the H7N3 virus and detected it only on 44 layer farms in the state of Jalisco. The source of the outbreak was not definitively determined, but Mexican officials report that the source likely was wild and/or migratory birds or waterfowl. The outbreak resulted in the death or culling of around 22.4 million layers and, according to Mexico's poultry and egg industry organization (UNA), reduced national egg production by 15 percent for calendar year 2012.

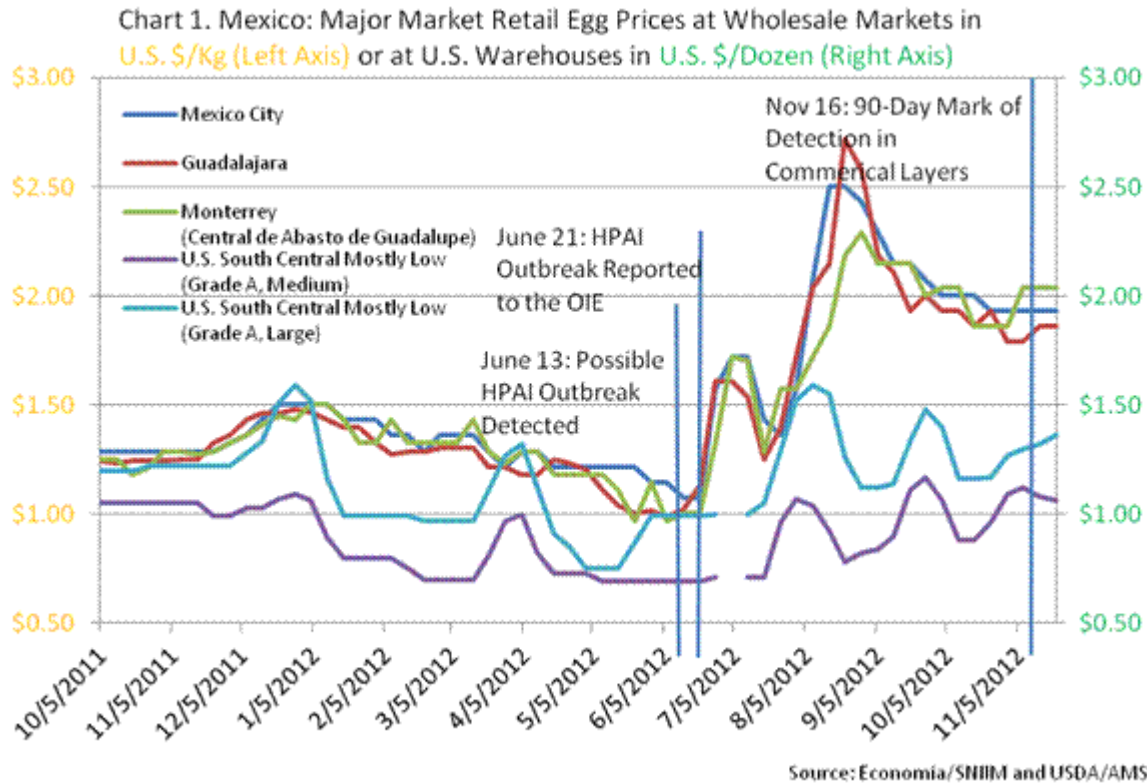
Mexico's high level of egg consumption (NOTE: Mexico is considered to have the greatest per capita consumption of eggs in the world) coupled with the production decrease and HPAI-related market speculation, pushed egg prices higher for all major population centers (see Chart 1) and necessitated that Mexico open its market more broadly to imported eggs. UNA reports that industry members attempted to maintain supplies and dampen the price spike by reducing or eliminating egg and egg product exports while also extending egg-layer production cycles to between 125 to 128 weeks. Nevertheless, prices more than doubled during the outbreak and are still hovering more than \$0.50 per kilogram (kg) greater than the same period one year ago whereas U.S. egg prices in dollars per dozen are virtually unchanged from the same period last year.

In addition to disrupting the general supply and demand of Mexico's egg market, escalating prices pushed Mexico's Foreign Trade Commission (COCEX) to refrain from imposing antidumping duties on imported U.S.-origin CLQs. U.S. CLQs remain a low-cost protein source for many Mexican consumers and are much cheaper than their Mexican equivalent CLQ as feed grain input costs and consumption preferences between the countries differ significantly.

At the time when COCEX and the International Trade Practices Unit (UPCI) of the Mexican Secretariat of Economia announced that antidumping duties would not be imposed, the government bodies indicated that they would be monitoring prices and could impose duties when market circumstances dictated. As of November 28, 2012, the Mexican Government has not imposed any duties on U.S. CLQs, but the issue remains active as the U.S. industry appealed the decision to the NAFTA Secretariat and the Mexican industry filed the equivalent of an injunction to overturn the decision to refrain from imposing duties (see Chart 11 at the end of this report for a timeline of events in Mexico's poultry sector).

Prices

Mexican Egg and CLQ Prices Remain Higher than the U.S. due to Input Costs and Consumer Preferences



Mexican authorities and industry members indicate that egg prices (both farm-gate and wholesale market) have stabilized albeit at levels greater than before the outbreak. The pre- and post-incident prices are considerably different in Mexico while prices in the U.S. are similar to one year ago. (NOTE: In Chart 1, above, Mexican wholesale market prices are listed in U.S. \$ per kilogram whereas U.S. warehouse prices for Grade A medium and large eggs are listed in U.S. \$ per dozen. In order to accurately compare the Mexican and U.S. price series, it would be necessary to convert dozen eggs into kilograms by factors for both medium- and large-sized eggs or to try and develop some standard for sizing Mexican eggs which, from Post experience often vary).

As can be seen in Chart 2, below, there is a significant markup on CLQ prices at Mexican wholesale markets over imported chilled (red) or frozen (green) U.S. CLQs and even U.S.-based domestic bulk CLQ prices (blue). The Mexican wholesale markets (Mexico City, purple and Baja California, orange) could both sell imported and domestic origin CLQs however; U.S. industry sources report that these markets carry negligible volumes of U.S. origin product and that the prices generally reflect Mexican-origin product prices.

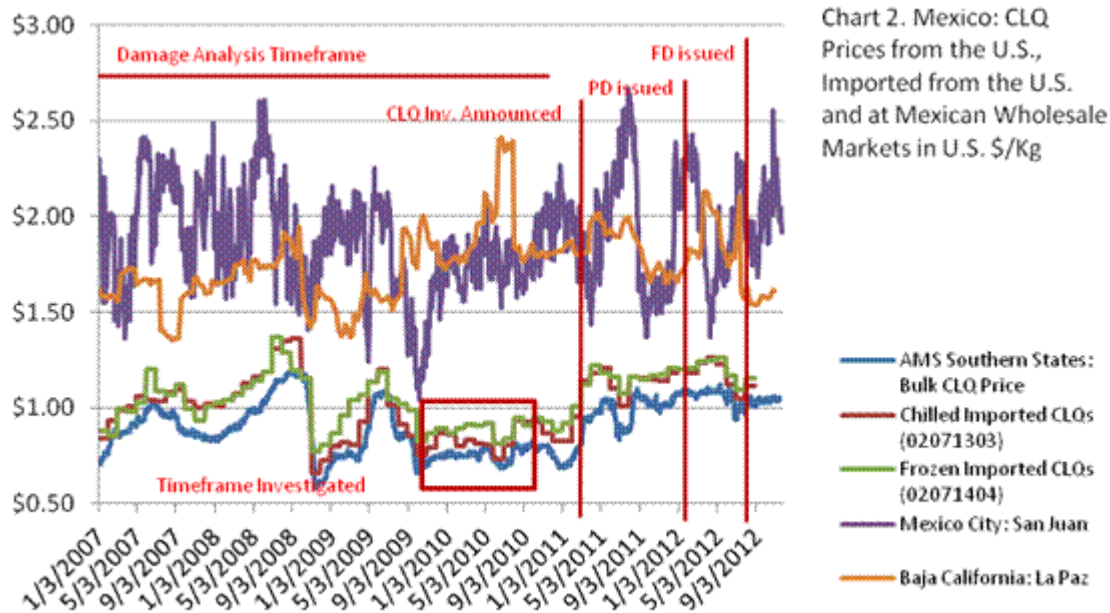


Chart 2 also provides perspective on Mexico’s antidumping findings on U.S. CLQs with key dates for the investigation, preliminary and final determination, and timeframes of the investigation and damage period noted. Also, as noted in the chart, it is evident that imported products are always cheaper than Mexican origin product by a significant degree and virtually always more expensive than U.S. domestic recorded CLQ prices. Interestingly, U.S. imported CLQ prices are often less expensive than even Mexican wholesale market egg prices.

Trade

Despite Industry Tensions, Trade Volumes and Values Keep Growing

In spite of the tension between the U.S. and Mexican industries over the CLQ issue there are strong degrees of cooperation for joint marketing efforts and combating animal health and food safety issues. Also, interestingly, in spite of the tensions, according to Mexican customs statistics, imports of U.S. poultry products continue growing as can be seen in Charts 3 and 4, below. In 2011, imports from the U.S. were just under U.S. \$1 billion while total worldwide poultry meat imports surpassed this mark and will likely do so again in 2012. Based on year to date statistics, imports of U.S. poultry and egg products will likely be a record and surpass U.S. \$1 billion in 2012.

When Mexico’s egg price crisis hit this past summer and fall, Mexican buyers were looking exhaustively for suppliers and the Mexican government (Economia) accommodated many of them by dropping tariffs and removing labeling requirements. In addition, SENASICA negotiated numerous animal health zoosanitary requirements (HRZs) that afforded much broader access while still maintaining preventative measures to protect animal health and safeguard food safety.

As can be seen in charts 5 and 6, imports are not significantly greater over the first 8 months of the year, but most egg imports as a result of the AI outbreak did not get into full swing until September. As such and as additional data becomes available, it will be revealing to see the impact that the crisis had on egg buying habits (both by location and by harmonized tariff system (HTS) code).

Chart 3. Mexico: Imports of Broiler and Turkey Meat by Country in Metric Tons

Mexico Import Statistics								
Commodity: _PSD BROILER and TURKEY MEAT								
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012								
Quantity (Metric Tons)								
Partner Country	Unit	Calendar Year					Year To Date	
		2007	2008	2009	2010	2011	08/2011	08/2012
World	MT	576166	630294	635737	701405	730541	483013	508842
United States	MT	554994	601230	605074	681420	712485	470698	497239
Chile	MT	20663	28749	30436	19709	17706	12082	11368
Canada	MT	509	312	227	277	350	233	234
Spain	MT	0	0	0	0	0	0	0
China	MT	0	4	0	0	0	0	0

Source of Data: INEGI [2006-present]

Chart 4. Mexico: Imports of Broiler and Turkey Meat by Country in U.S. Thousand Dollars

Mexico Import Statistics							
Commodity: _PSD BROILER and TURKEY MEAT							
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012							
United States Dollars (Thousands)							
Partner Country	Calendar Year					Year To Date	
	2007	2008	2009	2010	2011	08/2011	08/2012
World	703,305	790,726	733,990	864,068	1,024,926	665,607	741,831
United States	634,724	706,417	661,180	801,225	965,219	624,694	705,613
Chile	67,072	82,762	71,603	61,321	57,794	39,628	34,880
Canada	1,509	1,521	1,206	1,523	1,912	1,284	1,338
Spain	1	0	0	0	2	0	0
China	0	26	0	0	0	0	0

Source of Data: INEGI [2006-present]

Chart 5. Mexico: Imports of Eggs and Products by Country in Metric Tons

Mexico Import Statistics								
Commodity: Eggs & Products								
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012								
Quantity (Metric Tons)								
Partner Country	Unit	Calendar Year					Year To Date	
		2007	2008	2009	2010	2011	08/2011	08/2012
World	MT	12242	7824	11129	10718	14597	10061	10444
United States	MT	12226	7820	11128	10694	14552	10030	10418
Canada	MT	0	0	0	0	23	20	0
New Zealand	MT	0	0	0	22	22	11	21
Spain	MT	0	0	0	1	0	0	5
Germany	MT	0	1	0	0	0	0	0
Chile	MT	16	3	0	0	0	0	0

Source of Data: INEGI [2006-present]

Chart 6. Mexico: Imports of Eggs and Products by Country in U.S. Thousand Dollars

Mexico Import Statistics							
Commodity: Eggs & Products							
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012							
United States Thousand Dollars							
Partner Country	Calendar Year					Year To Date	
	2007	2008	2009	2010	2011	08/2011	08/2012
World	36,585	30,010	33,474	36,926	55,061	37,572	38,165
United States	36,344	29,937	33,421	36,670	54,750	37,409	37,910
New Zealand	7	19	53	247	267	128	237
Canada	8	2	0	3	37	32	0
Germany	0	10	0	0	3	3	0
Spain	0	0	0	5	2	0	17
United Kingdom	1	0	0	1	1	0	0
France	0	0	0	0	0	0	0
Chile	225	40	0	0	0	0	0
Italy	1	2	0	0	0	0	0

Source of Data: INEGI [2006-present]

Chart 7. Mexico: Imports of Broiler and Turkey Meat by Harmonized Tariff Schedule (6 digits) in Metric Tons

Mexico Import Statistics From World										
Commodity: PSD BROILER and TURKEY MEAT										
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012										
Quantity (Metric Tons)										
Commodity	Unit	Description	Calendar Year					Year To Date		
			2007	2008	2009	2010	2011	08/2011	08/2012	% Change
ALL BROILER MEAT	MT	ALL BROILER MEAT	380440	433486	491730	548548	578439	385543	405504	5.18
ALL TURKEY MEAT	MT	ALL TURKEY MEAT	195726	196808	144007	152857	152102	97470	103338	6.02
020711	MT	Meat & Offal Of Chickens, Not Cut Fresh Or Chilled	11126	5893	7224	752	7325	6395	9769	52.77
020712	MT	Meat & Offal Of Chickens, Not Cut In Pieces, Frozen	1802	3807	3328	1245	1589	1243	1124	-9.55
020713	MT	Chicken Cuts & Edible Offal (Incl. Liver) Fresh/Chld	217558	239158	290475	337733	365053	241072	265073	9.96
020714	MT	Chicken Cuts And Edible Offal (Inc Livers), Frozen	139695	171013	179508	196002	190347	127464	120728	-5.29
020724	MT	Turkeys, Not Cut In Pieces, Fresh Or Chilled	4803	5399	4245	6906	7307	6200	7521	21.3
020725	MT	Turkeys, Not Cut In Pieces, Frozen	10196	5472	7534	8749	8330	1860	3331	79.04
020726	MT	Turkey Cuts & Edible Offal (Incl. Liver) Fresh/Chld	124296	130636	89033	101013	103847	68289	69300	1.48
020727	MT	Turkey Cuts And Edible Offal (Incl. Liver) Frozen	52953	53220	42085	34252	31088	20422	22200	8.71
160231	MT	Prepared Or Preserved Turkey Meat, Nesoi	3478	2082	1109	1938	1530	699	986	41.07
160232	MT	Prepared Or Preserved Chicken Meat Or Offal, Nesoi	10258	13615	11196	12817	14125	9369	8810	-5.97

Source of Data: INEGI [2006-present]

Chart 8. Mexico: Imports of Broiler and Turkey Meat by Harmonized Tariff Schedule (6 digits) in U.S. Thousand Dollars

Mexico Import Statistics From World									
Commodity: PSD BROILER and TURKEY MEAT									
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012									
United States Dollars (Thousands)									
Commodity	Description	Calendar Year					Year To Date		
		2007	2008	2009	2010	2011	08/2011	08/2012	% Change
ALL BROILER MEAT	ALL BROILER MEAT	363,729	446,025	475,299	512,864	626,337	411,369	502,763	22.22
ALL TURKEY MEAT	ALL TURKEY MEAT	339,576	344,701	258,691	351,204	398,589	254,238	239,069	-5.97
020711	Meat & Offal Of Chickens, Not Cut Fresh Or Chilled	16,122	8,703	10,174	1,206	11,239	9,841	14,766	50.04
020712	Meat & Offal Of Chickens, Not Cut In Pieces, Frozen	2,576	4,957	4,212	1,885	2,204	1,685	1,767	4.82
020713	Chicken Cuts & Edible Offal (Incl. Liver) Frsh/Chld	149,672	169,573	220,026	263,041	331,070	213,697	292,640	36.94
020714	Chicken Cuts And Edible Offal (Inc Livers), Frozen	165,527	224,006	209,869	208,502	238,340	157,810	166,485	5.5
020724	Turkeys, Not Cut In Pieces, Fresh Or Chilled	8,958	10,556	8,077	14,007	16,491	13,988	17,355	24.07
020725	Turkeys, Not Cut In Pieces, Frozen	20,492	11,515	14,524	18,598	19,677	4,401	8,127	84.65
020726	Turkey Cuts & Edible Offal (Incl. Liver) Frsh/Chlld	201,527	208,903	149,994	221,064	255,642	167,874	149,369	-11.02
020727	Turkey Cuts And Edible Offal (Incl. Liver) Frozen	96,701	105,549	81,571	88,271	97,421	63,251	57,427	-9.21
160231	Prepared Or Preserved Turkey Meat, Nesol	11,897	8,178	4,525	9,265	9,358	4,724	6,790	43.76
160232	Prepared Or Preserved Chicken Meat Or Offal, Nesol	29,832	38,785	31,017	38,230	43,484	28,334	27,105	-4.34

Source of Data: INEGI [2006-present]

Chart 9. Mexico: Imports of Poultry Eggs and Products by Harmonized Tariff Schedule (6 digits) in Metric Tons

Mexico Import Statistics From World										
Commodity: Eggs & Products										
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012										
Quantity (Metric Tons)										
Commodity	Unit	Description	Calendar Year					Year To Date		
			2007	2008	2009	2010	2011	08/2011	08/2012	% Change
Eggs & Products	MT	All Eggs and Products	12242	7824	11129	10718	14597	10061	10444	3.81
040700	MT	Birds' Eggs, In The Shell, Fresh, Preserved Or Cooked	8804	5513	7594	7330	11463	7925	4126	-47.94
040711	MT	Eggs Of Chickens, Fertilized For Incubation	0	0	0	0	0	0	1728	NA
040719	MT	Eggs Of Birds, Fertilized For Incubation, Nesoj	0	0	0	0	0	0	9	NA
040721	MT	Eggs Of Chickens, Fresh, Nesoj	0	0	0	0	0	0	1051	NA
040729	MT	Eggs Of Birds, Fresh, Nesoj	0	0	0	0	0	0	1	NA
040811	MT	Egg Yolks, Dried, Whether Or Not Sweetened	194	1	229	114	104	49	128	163.76
040819	MT	Egg Yolks, Fresh, Frozen, Cooked By Water, Molded Etc	982	252	1441	1503	1009	790	1127	42.51
040891	MT	Birds' Eggs Not In Shell, Dried, W/N Sweetened	1938	1782	1490	1261	1470	957	1468	53.35
040899	MT	Birds' Eggs Not In Shell, Fresh Frozen, Cooked, Water Etc	127	225	288	293	385	230	675	193.03
350211	MT	Egg Albumin, Dried	123	18	42	87	67	47	63	34.71
350219	MT	Other Egg Albumin, Except Dried	56	30	36	53	58	31	48	51.54
350290	MT	Albumin & Albumin Derivatives, Nesoj	17	3	9	76	43	31	21	-31.47

Source of Data: INEGI [2006-present]

Chart 10. Mexico: Imports of Poultry Eggs and Products by Harmonized Tariff Schedule (6 digits) in U.S. Thousand Dollars

Mexico Import Statistics From World									
Commodity: Eggs & Products									
Annual Series: 2007 - 2011, Year To Date: 08/2011 & 08/2012									
United States Thousand Dollars									
Commodity	Description	Calendar Year					Year To Date		
		2007	2008	2009	2010	2011	08/2011	08/2012	% Change
Eggs & Products	All Eggs and Products	36,585	30,010	33,474	36,926	55,061	37,572	38,165	0
040700	Birds' Eggs, In The Shell, Fresh, Preserv Or Cookd	25,753	22,070	23,391	26,564	43,793	30,116	16,642	0
040711	Eggs Of Chickens, Fertilized For Incubation	0	0	0	0	0	0	7,338	0
040719	Eggs Of Birds, Fertilized For Incubation, Nesol	0	0	0	0	0	0	100	0
040721	Eggs Of Chickens, Fresh, Nesol	0	0	0	0	0	0	1,654	0
040729	Eggs Of Birds, Fresh, Nesol	0	0	0	0	0	0	3	0
040811	Egg Yolks, Dried, Whether Or Not Sweetened	686	11	928	417	435	202	524	0
040819	Egg Yolks, Fresh, Frzn, Cookd Cooked By Water, Molded Etc	1,643	864	2,391	2,802	1,767	1,389	1,991	0
040891	Birds' Eggs Not In Shell, Dried, W/N Sweetened	6,630	6,280	5,674	5,144	7,292	4,783	7,842	0
040899	Birds' Eggs Not In Shell, Fresh Frzn Cookd Water Etc	247	442	508	546	670	401	991	0
350211	Egg Albumin, Dried	1,316	241	391	731	646	441	678	0
350219	Other Egg Albumin, Except Dried	109	63	60	92	101	51	107	0
350290	Albumin & Albumin Derivatives, Nesol	199	39	132	630	358	189	294	0

Source of Data: INEGI [2006-present]

Chart 11. Mexico: Events in the Mexican Poultry and Egg Sector

Date	Event
10/1/2009	Beginning Point of AD Investigation
9/20/2009	Ending Point of AD Investigation
2/8/2011	Mexico (GOM) Publishes Federal Register Notice Announcing AD Investigation
10/28/2011	Mexican Poultry Industry Member Bachoco Reaches Agreement to Acquire U.S. Firm O.K. Foods
12/21/2011	United States Meets with UPCI to Explore AD Process and Industry Negotiations
1/19/2012	GOM Publishes Preliminary Determination of AD Investigation
5/15/2012	United States Expresses Concerns with AD Methodology at GOM Public Hearing
5/23/2012	United States Meets with UPCI to Reiterate Concerns with AD Case
6/18/2012	Jalisco Producers Notify GOM of Possible AI Outbreak
6/20/2012	GOM Confirms H7N3 Outbreak and Notifies the OIE
7/6/2012	GOM Announces Intention to Open Egg Tariff Rate Quota (TRQ)
7/26/2012	GOM Introduces H7N3 Vaccine Into Production System
7/31/2012	GOM Publishes Final Determination of AD Investigation
8/22/2012	GOM Exempts Table and Industrial Use Eggs from Import Duties
9/3/2012	U.S. Poultry Industry Appeals GOM Decision to the NAFTA Secretariat
10/9/2012	Mexican Poultry Industry Appeals GOM Decision to Not Impose AD Duties and Requests New Final Determination
11/12/2012	GOM Announces Fine on Bachoco for Antitrust Violation in the Yucatan Peninsula
11/16/2012	GOM Surpasses 90 Days from H7N3 Detection in Commercial Flock

Additional Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX2069	Eggcellent Industry and Government Cooperation Facilitates Trade	10/19/2012
MX2067	Egg Import Tariffs Eliminated	9/14/2012
MX2059	Mexico Announces Import Quotas for U.S. Eggs	8/17/2012
MX2058	Chicken AD Final Resolution	8/6/2012
MX2053	SENASICA Delivers Vaccines to Control AI Outbreak	8/2/2012
MX2049	Poultry, Meat and Broiler Annual	7/18/2012
MX2046	Economia Opens 221K Metric Ton Egg Quota Due to Market Speculation	7/11/2012
MX2044	Avian Influenza Outbreak Hits More Farms in Jalisco	7/6/2012
MX2043	Emergency Management System Activated to Combat Avian Influenza	7/6/2012
MX2040	High Pathogenic Avian Influenza Outbreak in Jalisco	6/29/2012

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at

www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.